

APPENDIX A**PENSION ADMINISTRATION STRATEGY
London Borough of Sutton****1. Introduction**

- 1.1. The London Borough of Sutton (LBS) is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of all of the scheme employers participating in the LBS and Royal Borough of Kingston (RBK) pension funds.
- 1.2. RBK delegated its pension administration function to LBS in April 2016 and the shared LBS and RBK Pension Administration Team (S&K PAT) is located in the LBS Civic Offices. It should be noted that the LBS Pension Fund and RBK Pension Fund remain separate funds within each authority. S&K PAT administer both the LBS Pension Fund and the RBK Pension Fund on behalf of all scheme members and their employers.
- 1.3. The LGPS 2013 Regulations allows an administering authority to prepare an pension administration strategy for the purpose of improving administrative processes within their fund and its relationship with employers.
- 1.4. This strategy is made under [Regulation 59 of the LGPS Regulations 2013](#). The LGPS Regulations provide the conditions and regulatory guidance surrounding the production and implementation of a pension administration strategy.
- 1.5. The LGPS represents a significant benefit to its members. Much of the success in promoting the Scheme amongst members and ensuring a high quality service delivery depends upon the relationship between S&K PAT and scheme employers in the day to day operation. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

2. Aims

- 2.1. The aims of the S&K PAT are:
 - to provide a high quality and value for money pensions administration service; and
 - to meet the highest professional standards in all our customer dealings.
- 2.2. This is best achieved where the S&K PAT and employers are clear about their roles and responsibilities so they can build upon existing working relationships. The implementation of a pension administration strategy is seen as one of the tools which can help deliver a high quality administration service to the members and their employers.

3. Administration Strategy

- 3.1. With over 100 employers in the LBS and RBK Pension Funds of differing size, structure and capability, it represents a significant logistical challenge for the management of information, processes and services within the funds. The demand for more accurate

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and timely information is also increasing, especially with the introduction of the Career Average Revaluation Earnings (CARE) scheme from April 2014 and the Pension Regulator.

- 3.2. This information is also vital to ensure liabilities for employers are accurate and that funding targets and contribution rates are set reflecting the correct position. Furthermore, the Pension Regulator has introduced higher levels of compliance and the funds are now required to report breaches of the regulations.
- 3.3. The costs of administering the LGPS for LBS and RBK is charged back to the respective funds. There are also specific charges made for off payroll schools and academies.
- 3.4. Employers that participate in LBS Pension Fund and RBK Pension Fund and to whom the strategy applies are shown in Appendix A. This list is not exhaustive and shall be read to include all employers of both funds.
- 3.5. Please note that non-academy schools (LEA schools) that have outsourced their payroll to a third party are listed separately as employers even though the respective Councils are the employer.

4. Objectives of the strategy

- 4.1. The objectives of the strategy are to ensure that:
 - the Councils and the employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions;
 - the funds operate in accordance with LGPS Regulations and is aligned with the Pension Regulator in demonstrating compliance and governance requirements;
 - accurate records are maintained for the purpose of calculating pension entitlements and employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a compliant manner; and
 - standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out in the Service Level targets.
- 4.2. To support these aims the strategy introduces:
 - the expected service standards between the S&K PAT and employers; and
 - a schedule of charges that apply when standards of service fall below expectations.
- 4.3. All parties commit to the following principles:
 - provide a high quality pension service to members;

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- continually develop efficient working arrangements;
- meet S&K PAT’s service standards;
- take responsibility to provide accurate and timely information; and
- keep the pension administration strategy under review and revise where appropriate.

4.4. This pension administration strategy was produced by LBS following consultation with scheme employers. It will be effective from 1 January 2018.

5. Review of Administration Strategy

5.1. As the administering authority, LBS is responsible for reviewing the strategy and feeding back to both Pension Committees and Pension Boards for both funds. The strategy will be reviewed at least triennially.

6. Administering Authority (S&K PAT) - Roles & Responsibilities

6.1. The table below summarises the responsibilities of S&K PAT as the administering authority for both LBS and RBK Pension Funds.

Previous service	To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
Membership records	To set up and maintain a record for each member of the scheme which contains all the information necessary to produce an accurate benefit calculation following the employer providing useable, timely and accurate financial data.
Information requirements	To ensure that employers are advised of the regular requirements for the provision of timely and accurate scheme member data so that member records can be accurately maintained.
Payment of benefits	To calculate and pay the appropriate benefits at the correct time, based on membership details held at the termination date and the final pay details provided by the employer when an employee ceases employment, or ceases membership of the Scheme.
Prevention of fraud	To pay benefits to the correct beneficiaries only and to take steps to reduce the possibility of fraud taking place.

Pension Increase	To increase pensions annually in accordance with the provisions of Pensions Increase Acts and Orders.
Communication	To ensure that sufficient information is issued to satisfy the requirements of Regulation 61 of the LGPS 2013. (to be drafted)
Internal Dispute Resolution Procedure (IDRP)	To maintain an appointed person for the purposes of the LBS & RBK’s internal dispute resolution procedure. To appoint all necessary advisors to enable the appointed person to perform the duties required by the IDRP.
Fund actuaries	To appoint an actuary for the purposes of FRS17 and triennial valuation for LBS and RBK Pension Fund and provide periodical actuarial advice when required.
Triennial valuation	To arrange and manage the triennial valuation of the pension fund.
Information Security	To ensure compliance with the information security policies including “Using Systems & Data Policy”.

7. Scheme Employer Roles and Duties

7.1. The employer duties and responsibilities cover both the HR and payroll functions. The table below summarises the requirements from the regulations as well as requiring additional requirements, e.g. supplying a primary contact from the employer to assist with efficient administration.

Eligibility	To decide who is eligible to become a member of the Scheme in accordance with LGPS regulations
Basis of employment	To decide whether that person is employed in a full time, part time, variable time or casual capacity. If the employee is part time, the employer must determine the proportion which the employee’s contractual hours relate to the hours of a comparable full time employee.
Pensionable Pay	To determine the pensionable pay of employees for the purposes of calculating the pension contributions.
Final Pay	To determine final pay for the purposes of calculating benefits due from the Scheme.

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<p>Cessation</p>	<p>At cessation of membership of the Scheme, to determine the reason for leaving and entitlement to benefit and notify either LBS Pension Fund or RBK Pension Fund and the Scheme member of the decision.</p>
<p>Employer contact</p>	<p>Each employer shall nominate a person who will act as the primary contact and when there are changes of contact. There may be separate contact persons for Pension Fund Accountancy.</p>
<p>Data Quality</p>	<p>To supply timely and accurate information to S&K PAT to ensure the correct calculation of benefits payable from the Scheme. The primary contact must be satisfied that all of the information supplied by their payroll provider on their behalf to the S&K PAT are accurate and delivered within timescales.</p> <p>If there are issues with information received from a third party payroll provider, the S&K PAT will notify the employer to ensure accurate and timely information is supplied to assist with effective administration of the Scheme members and support the employer with the contract management with their payroll provider.</p>
<p>Monthly Contributions</p>	<p>To supply monthly information to S&K PAT and deduct all pension contributions from a member's pay, including Additional Pension Contributions (APCs) and Additional Voluntary Contributions (AVCs) as may be required, and to pay all pension contributions to the relevant pension provider within the statutory deadlines.</p> <p>To repay either LBS or RBK Fund any incorrectly deducted employee's contributions. Where a member leaves the Scheme and full contributions have not been deducted for whatever reason, immediately make payment of outstanding member's and employer's contributions.</p> <p>To pay either LBS or RBK Pension Funds interest on payments due from the Employer which are overdue by more than one month (considered on a case-by-case basis).</p>
<p>Annual Returns</p>	<p>To provide the S&K PAT with year-end information to 31 March each year.</p> <p>Such information should be accompanied by a statement signed by an authorised officer to confirm that the employer is satisfied that the employee data in the return for the relevant Scheme</p>

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	year (1 April to 31 March) contains all of the correct data required.
Regulations	To be responsible for exercising the discretionary powers given to employers by the regulations. These regulations also require the employer to publish its policy in respect of these key discretions. To provide a notice, drawing the employee's attention to their right of appeal under the LGPS, with any statement issued to an employee relating to any decision made about the Scheme.
Independent Registered Medical Practitioner (IRMP)	To use an IRMP qualified in Occupational Health medicine that has been approved by the administering authority in determining ill health retirement.
Data Protection	To ensure compliance with Data Protection Act 1998.

8. Liaison, engagement and communication strategy

- 8.1. In line with [Regulation 61 of the LGPS Regulations 2013](#), S&K PAT will issue and annually review a scheme communications policy. The policy will include a strategy for communicating with:
- scheme members;
 - members' representatives;
 - prospective members; and
 - scheme employers participating in the fund.
- 8.2. The policy will set out the channels of communication that will be communicated and their frequency. It will include an engagement plan that will include events for employers, members of the scheme and perspective members of the scheme.

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Standard of expected service between the Administering Authority and the Employers

Who ¹	Administration Description	Performance standard ²
New Starters, Transfers In & Leavers		
E	New starter: To supply information on the LGPS in the starter communication to the new employee.	Within 20 working days of the new employee's first day of employment.
E	New scheme member: Employer ³ to send to S&K PAT the details of the new member in the required format as agreed with S&K PAT.	Within 30 working days after the scheme membership start date.
S&K	New scheme member: Create a new pensions record using the completed notification from the Employer (above).	Within 20 working days from the date of notification.
S&K	Transfer in quote: S&K PAT to request a transfer details from the new member's previous scheme ⁴ .	Within 15 working days from receipt of request for quote.
S&K	Transfer in quote: Calculate and provide quotation to member ⁵ .	Within 15 working days from receipt of all information.
S&K	Transfer in: Request payment of transfer value.	Within 10 working days of receipt of all information.
S&K	Transfer In: Credit member record (having been informed that payment has been made) with membership due from transfer of previous pension benefits.	Within 15 working days of receipt of payment from previous pension scheme.
S&K	Transfer In: Notification of service purchased by an incoming transfer to be provided to the scheme new member.	Within 30 working days of receipt of the all the required information.
S&K	Leaver: Provision of options for leaver.	Within 3 months of receiving correct leaver notification from scheme employer.

¹ E represents Employer

S&K represents pensions administration team

² All performance standards represent timescales once all required information is received from the relevant party.

³ If a third party payroll provider is supplying starter information, the employer is responsible for satisfying themselves that the information is being supplied in the correct format agreed with the pension team.

⁴ Requests to transfer in previous service must be made by the member within 12 months of joining the current scheme.

⁵ A transfer value is guaranteed for 3 months (GAD Transfer Value Guidance, 8 April 2016)

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Existing Members & Schemes (Transfer & IFA in, refunds)		
S&K	Member record changes: Changes to data which materially affect actual or potential benefit calculations to be processed.	Within 10 working days of receipt of all necessary information, whichever is later.
S&K	Transfers in: Member to be notified.	Within 30 working days of receipt of all necessary information.
S&K	Transfers out: Provision of details of transfer value available to member. Includes Cash Equivalent Transfer Value (CETV) for divorce quotes.	Within 15 working days from receipt of request for quote.
S&K	Transfers out: Payment of transfer value to nominated recipient.	Within 10 working days of receipt of information.
S&K	Divorce Proceedings⁶ Earmarking or divorce sharing order received.	Within 20 working days from receipt of all required information.
S&K	Interfund Adjustments (IFA) in: Obtain previous service details.	Within 15 working days from receipt of all required information.
S&K	Interfund Adjustments (IFA) in⁷: If combining service, request payment of interfund value.	Within 10 working days from receipt of information.
S&K	Interfund Adjustments (IFA) in: Establish benefits and update system.	Final interfund calc - 15 working days (& have been informed that the payment has been made).
S&K	Refund quote & refunds of contributions: to be calculated and paid where due under the Regulations.	Within 20 working days of receipt of all necessary information following the elapse of any period before which the contributions can be refunded.
S&K	Additional Voluntary Contributions: Establishment of	Within 10 working days of

⁶ LGPS regulations 2013 state that the statutory timescale to 4 months to implement a Pension Sharing Order (and actually discharge the scheme's liability) is 4 months following receipt of all relevant information/documents e.g. Decree Absolute.

⁷ payment needs to be made within 3 months of the election date.

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	AVC record on database and notification sent to payroll provider.	receipt of all information.
S&K	Deferment: Provide a statement of deferred benefits	20 working days from receipt of all information.
Death		
S&K	Upon receipt of a death notification: from an Employer of a pensioner; arrangements put in place for pension payments to cease.	Within 5 working days of receipt of all information.
S&K	Upon receipt of a death notification: from an Employer of a pensioner, calculations of benefits sent to next of kin or other relevant party. Setting up of any dependents pension.	Within 10 working days of receipt of notification of a death. Within 10 working days of receipt of all necessary information.
S&K	Payment of death benefits⁸: including setting up of any dependents pension.	Within 10 working days of receipt of all necessary information.
Retirements		
E	Employer to send S&K PAT retirement notification.	At least 30 days before their final day of employment.
S&K	S&K PAT to produce retirement estimate (where possible employers are expected to produce retirement quotes themselves via Employer Self Serve).	Within 10 working days.
S&K	Finalisation of retirement, issue of lump sum & notification of benefits.	Within 10 working days.
S&K	Send benefit options to member together with relevant forms required for payment of retirement benefits.	Within 20 working days of receiving notification from the Employer.
S&K	Arrangement of payment of pension.	To join the next available pay run (subject to cut off dates).
Monthly Contributions		

⁸ Same timescales apply for death of dependant pensioner/spouse

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E	Employer to send funds and schedule of deductions from salary to either LBS or RBK pension fund.	By the 19th day of the month following the month in which contributions were deducted, or the working day immediately prior to this if 19th falls on a weekend or bank holiday.
Annual Returns		
E	To provide the S&K PAT with year-end information to 31 March each year in the required format.	By the 7th of May or the working day immediately prior to this if 7th May falls on a weekend or bank holiday.
Pensioners		
S&K	Every pensioner to receive a monthly pension advice payslip in the months of March and April from Councils' Payroll Services. A hard copy payslip will be generated only where the net pension alters by £5 or more from the previous month.	March & April.
S&K	Returned pension payment: Undertake relevant investigation for returned payments and update iTrent (payroll) & UPM.	Complete suspension & write to pensioner within 10 working days.
Contact with S&K PAT		
S&K	Answer all phone calls from members and Employers.	9am to 5pm.
S&K	Respond to all email communications from members and Employers.	Within 10 working days.
S&K	All complaints to be dealt with within LBS corporate complaint procedure and Internal Dispute Management Procedure.	Stage 1 complaint acknowledged and responded to within 20 working days.

9. Schedule of charges

- 9.1. [Regulation 70 of the LGPS Regulations 2013](#) states that administering authorities have the right to recover from employers any additional costs that it may incur because of an employer's poor performance in respect of its obligations to the LGPS, which includes the employer's inability to provide data in an accurate and timely manner to the administering authority.

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- 9.2. Employers have a duty to seek advice from the administering authority if they experience any difficulties in meeting their obligations and S&K PAT will have a constructive dialogue in the first instance and will work collaboratively to ensure obligations are met going forward and charges are avoided.
- 9.3. The final decision on whether to impose costs or charges rests with the S&K PAT. The schedule shown below highlights when charges will be applied. In accordance with the regulations, S&K PAT will give the reasons for imposing any charges or recovering any additional costs it incurs according to the schedule of charges.

10. Late monthly contributions

- 10.1. All employers are required to make payments of all employee and employer contributions to the administering authority within statutory deadlines as referred to by Regulation 7 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014. This means that contributions must be received by the LBS and RBK Pension Funds by the 19th day of the month following the month to which the pension contribution deductions relate (e.g. pension contributions deducted from a payroll run in April must be received by the Pension Fund on or before the 19th of May).
- 10.2. Where payments are received later than the 19th day and it is considered that the late payment is of material significance, S&K PAT has a duty to notify the Pensions Regulator of the employer's failure to meet the required deadline.
- 10.3. The following schedule identifies the standard charges that the administering authority may apply to the employer:

Item	Charge
Monthly contributions Failure to comply with making appropriate returns and deductions for employer and employee contributions by the 19th day of the month following the month in which contributions were deducted, or the working day immediately prior to this if 19th falls on a weekend or bank holiday.	£100 per occasion plus interest ⁹ .
End of year returns ¹⁰ Failure to comply with returning end of year schedule by, in the correct format, by the 7th of May or the working day immediately prior to	£250 standing charge plus - 5p per member ¹¹ per working day late for the 1st month deadline - 10p per member per working day late

⁹ Interest payable under this regulation must be calculated at one per cent above [base rate](#) on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

¹⁰If an employer annual return is received by 7 May and the return is accepted, no charge will apply. If the annual return is received by 7 May and the return is rejected (e.g. incorrect format, data quality) but subsequently re-submitted and accepted within two weeks of being notified of the rejection, no charge will apply.

¹¹ Membership data as at 31 March each year

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<p>this if 7th May falls on a weekend of bank holiday.</p>	<p>for the 2nd month deadline - 15p per member per working day late for the 3rd month deadline.</p>
<p>Quality & timeliness of data To provide S&K PAT with accurate data in a timely manner as detailed within the expected standards documented in this strategy.</p>	<p>The fund will recover costs for the additional work involved to resolve the issue/s in the context of persistent poor strategy performance. Costs will be based on officer hourly rates and will be determined based on the resources required.</p>

10.4. In addition to the schedule above, other circumstances that can generate a charge include but are not limited to:

- instances where the performance of the employer in respect of compliance with the LGPS regulations has resulted in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman, HMRC or other regulatory body;
- additional costs incurred in providing specialist third party advice in administering the scheme on behalf of the employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services; and
- persistent failure to resolve issues in a timely and satisfactory fashion.

In these circumstances, the S&K PAT will set out the calculations of any loss or additional cost incurred, in writing, stating the reason for the cost/s and the basis for the calculation.

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LBS Pension Fund Scheme Employers (position at September 2017)

Non academy schools (off payroll LEA schools & independent schools)		
Abbey Primary	Amy Johnson Primary	Stanley Park Infants
Barrow Hedges Primary	Beddington Primary	Cheam Common Infants
Devonshire Primary	Dorchester Primary	Forresters
Hackbridge Primary	High View	Holy Trinity
John Fisher	Manor Park	Nonsuch Primary
Robin Hood Junior	Sherwood Park	St Cecilia's Primary
Spencer Nursery	St Philomena's	Stanley Park Junior
Academies		
Victor Seymour	Tweedale	Carshalton Girls
Greenshaw High	Green Wrythe Primary	Harris Junior
Carew Manor	Carshalton Boys	Cheam High
Cheam Park Farm & Nursery (Leo Trust)	Cheam Park Farm Junior	Stanley Park High
Glenthorne	All Saints Carshalton	Nonsuch High for Girls
Wallington County Grammar	Wallington High for Girls	Sutton Grammar School Trust
Wilson's	Westbourne Primary	Westbourne Primary
Cheam Fields Primary	Cheam Park Farm Junior	Brookfield
Avenue Primary	Rushey Meadow	
Admitted bodies		
Compass Catering (Overton Grange)	Citizens Advice Sutton	Sutton Educational Partnership
Compass Catering (St Philomena's)	Caterlink	Cygnets
Community Options	Cranstoun Drug Service	Mitie Facilities
Mitie Security	Sutton Housing Partnership	Orchard Hill College
Carshalton College	Orchard Hill Childcare	Encompass Ltd

RBK Pension Fund Scheme Employers (at September 2017)

Non academy schools (Council is the employer, but not the payroll provider)		
Alexandra Infants	Green Lane Primary	St Andrew's & St Marks
Burlington Infants	Lime Tree Primary	Surbiton Children's Centre nursery
Burlington Junior	Malden Manor	St Luke's Primary
Christchurch CofE	Malden Parochial Cof E	St Matthew's CofE
Christchurch New Malden	Our Lady Immaculate	St Mary's Primary
Coombe Hill Infants	Robin Hood Primary	St John's Primary
Coombe Hill Junior	Corpus Christi Primary	Grand Avenue Primary
Fernhill Primary		
Academies		
Coombe Boys (Coombe Academy Trust)	Latchmere Primary	Tiffins
Coombe Girls (Coombe Academy Trust)	Richard Challoner	Tiffin's Girls
Knollmead Primary (Coombe Academy Trust)	Southborough	Tolworth High
Hollyfield	St Agatha's	Castle Hill
Holy Cross	St Philips	Bedelsford
Dysart		
Free School Academies		
Kingston Academy Trust	Kingston Community School	
Admitted bodies		
Kingston University	London Grid for Learning	Balance Community Interest Company
Kingston College	Hillcroft College	Achieving for Children
Kingston & Sutton College Educational Partnership	Your Healthcare	Engie